



TASC

Dubai:

**What Makes It the Business
Incubator & Accelerator?**

Executive Summary

Through consistent effort from the government and the fervor to fight against the odds, Dubai has emerged as one of the best business grounds globally. In 2021, the UAE exhibited an unprecedented CGPR of 3.8% in its GDP, claiming the highest growth in the region. With its diversified economy, Dubai has been ranked as the 12th wealthiest city in the world. The city's 0.5% unemployment rate is attributed to the influx of talents from across the globe making it the professional paradise of modern times.

This paper looks through the notable factors, backed with reliable data, that make the city a favored spot for expatriates and entrepreneurs alike.

This document serves two main functions:

- Equipping entrepreneurs with facts that outline the commercial opportunities that lie in Dubai.
 - The common challenges of talent acquisition and human resource management and how TASC can be the systematic solution.
-

Introduction

In 2021 alone, Dubai issued 72,152 new business licenses, reveals data from the Business Registration and Licensing (BRL) sector at the Department of Economy and Tourism (DET), a 69% sweeping leap from 2020. Thus, fortifying the Golden City's repute of being the Mecca for entrepreneurs and expatriates. Some of the most notable factors that have propelled Dubai into its magnanimous success as the incubating cradle of thriving businesses are as follows –

Geographical Location

Positioned strategically in the triangular center of three continents – Asia, Africa, and Europe – Dubai sits at the lucrative crossroads of the East and the West making it a beaming commercial trade route. The Dubai Creek, a safe natural waterway harbor that extends 13 kilometers into the land, still serves as a natural harbor and a prosperous tourist destination. However, its significance as a waterfront trade center and navigation has increased manifold after the completion of the Dubai Water Canal in 2016.

Dubai triumphs on all fronts, not just air and land! Two-thirds of the world's population from most major destinations can reach Dubai within eight hours of flight time. With the consistent growth of the two airports in Dubai, it has emerged as the busiest air transport hub in the world. Thereby, facilitating rapid global delivery and re-export activities. Meanwhile, accelerating its aviation industry exponentially; weaving a lesson for the Globe to learn from.

Diverse Industries

Contrary to stereotypic beliefs, Dubai boasts of a highly-diverse economy that profits from varied industries apart from hydro-carbons. Over 95% of Dubai's GDP is generated from non-oil industries. In the first quarter of 2021, the wholesale and retail industry contributed 22.7% to the city's GDP. Likewise, the financial services, insurance sector, transport, and storage industry contributed 11.9% and 11.7% to Dubai's GDP respectively.

The IT industry in Dubai has been thriving over the years. With industry leaders in the realm of crypto setting up their offices in Dubai, the city has unofficially established itself as the Crypto Oasis of the Middle East. Owing to the Abraham Accords, tech companies from Israel are also setting up their nests in Dubai's tech center. The Dubai Financial Services Authority (DFSA) has further introduced a regulatory framework for investment tokens where they have been defined as the "security token" or the "derivative token".

The framework further goes on to say - "The Investment Tokens regulatory framework applies to persons interested to market, issue, trade or hold Investment Tokens in or from the Dubai International Financial Centre (DIFC) and authorized firms wishing to undertake Financial Services relating to Investment Tokens, such as dealing in, advising on, or arranging transactions relating to, Investment Tokens, or managing discretionary portfolios or collective investment funds investing in Investment Tokens" Thus, making the city's Crypto connect stronger than ever.

The Dubai Virtual Assets Regulatory Authority (VARA) is also under the making which will oversee the regulation, governance, and licensing of cryptocurrencies, NFTs, and other virtual assets. This has further skewed the preference of the Crypto communities towards Dubai as their business ground.

Corporate Policies

Previously, the Commercial Companies Law (CCL) mandated a maximum of 49% of share capital holding in an entity by a foreign investor. The remnant 51% must have been held by a UAE national shareholder or company completely owned by UAE nationals. The Decree-Law No. 26 of 2020 now allows foreign investors to be up to a 100% shareholders of a locally incorporated business.

There are over 30 operating "Free Zones" across Dubai that allow 100% foreign ownership, special exemptions from VAT, and import duties. Each Free Zone is, however, administered by its own unique set of rules.

Investors with investments in the public domain above the worth of AED 10,000,000 and those with specialized talents can enjoy the privilege of 10 years Investor Visa. Real estate investors with investments worth AED 5,000,000, foreign entrepreneurs with a business worth a minimum of AED 500,000, and outstanding students are eligible for a 5-years residence visa.

Taxation

Dubai boasts of levying the lowest corporate tax, after Bahrain, at only 9%, for businesses churning above AED 375,000 in profits outside free zones (economic areas where duties aren't levied). Thus, exempting start-ups and SMEs from the tax load. Businesses that involve the extraction of natural resources are also exempted from taxes. Personal income taxes have never been implemented in Dubai and is not expected to exist in the distant future.

Customs duty is calculated and levied at the rate of 5% of the insurance and freight (CIF) value of the imported goods. However, it can be higher on certain products like tobacco and its by-products (100%), energy drinks (100%), sweetened drinks (50%), and carbonated drinks (50%).

A Hub of Financers

A 2020 study by New World Wealth suggests that there has been a 3.8% increase in the number of HNWI's pushing the number to about 54,000. Making Dubai the 29th most popular city for ultra-wealthy residents in the world. Dubai is also home to some of the world's biggest banks and venture capital firms. Thus, making it the hot spot for SMEs and start-ups to get financed.

A Haven of Human Resource

The richest pool of talent with an estimated 300,000 people available in the Middle East and North Africa (MENA) region alone, with many more from the neighboring Asian & European countries. With a workforce hailing from all across the globe, Dubai truly boasts of a diverse workforce that gives employers access to a wider range of talent. Still, some of the most common challenges faced by employers when it comes to staffing and HR activities are:

- Keeping up with the ebbs and flows of the business by meeting the under-staffed gaps with efficient contractual staffing.
- Finding talent that fits the unique needs of a company from a large pool of talent weighs heavily on the company's in-house resources.
- Finding seasoned, skilled talent from the relevant industry.
- Staying compliant with staffing laws and regulations of Dubai.
- High employee turnover owing to wrong hiring decisions and errors in human judgment.
- Managing the HR activities efficiently with an increase in the seasonal taskforce.



Social Life

The UAE boasts of a 93.23% adult literacy rate (as of 2017) and has made education a mandate for residents aging 5 years to 15 years. School fees can range from AED 12,723 (\$3,463/£2,674) per year to AED 64,093 (\$17,449/£13,475). However, homeschooling - a popular approach that's gaining rapid popularity among parents - is a more affordable alternative available.

For professionals, Dubai offers a diverse platter of upskilling courses and training to take one's career to the next level.

Expats can avail state-of-the-art public healthcare with their Health Card which costs AED 320 for adults and AED 120 for children.

When it comes to recreation & entertainment, Dubai doesn't disappoint with architectural wonders, museums, beaches, and play zones aplenty. Dubai is also the home to the world's best restaurants, owned by Michelin Star Chefs, that bring global cuisine to one's plate.

Recently, the Dubai Council announced several decisions aimed at advancing sustainable development and accelerating efforts to provide a better life for citizens, residents, and visitors.

Dubai is aimed to be transformed into the world's best city to live, work, and invest in.

Why TASC Outsourcing?

Mahesh Shahdadpuri, founder & CEO of TASC, pursued his passion for people-focused business and formed TASC in 2007. It is the result of the team's hard work and dedication that TASC has been a leader in staffing & recruitment services in GCC since then. With our deep expertise in regulatory processes gathered over the years, we are now the region's recognized company formation specialists.

We have served 450+ clients, processed 10,000+ visas, and outsourced 5,500+ associates in multiple industries while maintaining the top 1% rating in customer NPS score. We are our client's extended arm, from the inception stage to the expansion and beyond. We not only help outsource an array of HR services but become the knowledge partner of the local laws & regulations including ongoing market trends.

TASC has worked in harmony with some of the most esteemed organizations in GCC, our customer portfolio ranges from multinationals to local government organizations. We also partner with many business councils, key international trade organizations and private offices of His Excellency in UAE to help investors and business houses establish themselves in UAE with ease.



Conclusion

Whether one's a budding entrepreneur aiming to catapult the success of a start-up idea or a multinational giant seeking logarithmic growth, Dubai will drive them towards unprecedented excellence with its ever-growing potential. TASC Corporate Services will be a strategic business partner in setting up your business in the UAE with minimum effort, and full legal compliances, and thereafter continue to be your trusted partner in running your business successfully.

Right from visa transactions, trade-license transactions, mainland company setup, free-zone company setup, and several other value-added services, TASC will be a single-window format that simply serves peace of mind to our clients.



Contact details

Anirudhe Ghosh

Senior Vice President - Corporate Services

Mobile : +971 55 758 9852



**This briefing document has been produced for TASC Outsourcing to consult their clients should they need advice on any matter that is the subject of this briefing.*